



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
OCTOBER 20, 2003

CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600, (914) 993-1900

**U.S. JUDGE, TERMING MIDDLETOWN MAN A 'CHISELER',
SENTENCES HIM TO 37 MONTHS IN PRISON IN TAX CASE**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that MICHAEL O'DONNELL was sentenced on Friday in White Plains federal court to 37 months in jail for attempting to evade his income taxes for the years 1995, 1996, 1997, 1999 and 2000, for failing to file a 1998 income tax return and for impeding the IRS in its efforts to collect income taxes he owed.

In sentencing the defendant, United States District Judge COLLEEN MCMAHON characterized O'DONNELL as a "liar" and a "chiseler" and enhanced his sentence on this basis.

O'DONNELL, a resident of Middletown, New York, and a former airline pilot with TWA and Nippon Cargo, was convicted on May 16, 2003, on five counts of attempting to evade his individual income taxes, one count of failing to file an income tax return and one count of corruptly endeavoring to impair and

impede the IRS.

The evidence presented during the trial established that in 1994 O'DONNELL submitted a Form W-8 to his employer falsely claiming to be a non-U.S. citizen or resident and therefore exempt from income tax withholding. Based on the false Form W-8, O'DONNELL's employer stopped withholding income taxes from his wages.

The evidence at trial further established that O'DONNELL hadn't filed a federal or state income tax return since 1992, and that as a result of the lack of income taxes being withheld from his wages he owed taxes for the years 1995, 1996, 1997, 1999 and 2000 of \$128,593.

The evidence at trial also established that the IRS had attempted to collect approximately \$250,000 in taxes owed by O'DONNELL for the years 1993, 1994 and 1995 by levying on the wages he was receiving from his employer, and that O'DONNELL had corruptly attempted to defeat the levy by suing his employer and filing for bankruptcy.

During the trial O'DONNELL attempted to defend against the charges by claiming that he had researched the tax laws and come to the conclusion that he was not required to file tax returns or pay income taxes. In convicting O'DONNELL on these charges, the jury rejected O'DONNELL's claim that he believed he was not required to file tax returns or pay taxes.

In addition to the jail sentence, Judge MCMAHON ordered O'DONNELL to pay a fine of \$25,000 and, as a condition of his

supervised release, be required to cooperate with the IRS in the determination and payment of his income tax liabilities.

Mr. COMEY praised the work of the Internal Revenue Service Criminal Investigation Division.

Special Assistant United States Attorney ANDREW J. KAMEROS and Assistant United States Attorney STANLEY OKULA are in charge of the prosecution.

03-244

###